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ABRAHAM LINCOLN

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IN THIS ISSUE:

Congress Is in Session

The Congress reconvened on January 8, 1952, after four months' recess. Four months with constituents should give congressmen and senators a review of what people at home are thinking. Investigating committees were active. More than a hundred legislators made investigating trips abroad. The Korean war goes on in spite of truce talks. What may we expect in this session?

The year 1952 is election year. With party conventions in July, we can assume that the sessions will be as short as possible and that debate will be colored by its intended effect upon the voters in November. We hope for some statesmanship, too.

The President presented his Economic Report and recommendations on January 16. He began like this: "The past year has been marked by great gains in our basic economic strength." He then noted the "tragic necessity" of devoting a large part of our resources to building up our military strength; to the destructive business of fighting a war in Korea; and to a prospective deficit of $8 billion in the current year and $16 billion next year. He voiced great fear of inflation but advocated new and expanded federal spending projects—more housing—power projects—aid to agriculture and to education—and a public health program. And how does he expect to handle the inflation? By more and tighter controls?

The Defense Production Act of 1951 expires on June 30, 1952. The President asks that it be extended for two more years. He not only asks for a two-year extension, but he wants Congress to raise taxes, to delete all restrictions on the Federal Reserve Board power to regulate consumer credit and to destroy the Capehart amendment as to price ceilings. What will Congress do?

Let's look at the record. The year 1951 was a year of mixed trends. Except for governmental spending there was a decidedly deflationary overcast. The demand for soft goods remained about even—dollar volume up 3% but unit sales down. The demand for durable goods fell sharply early in the year and remained weak, while inventories in warehouses and in dealer stocks reached a new high. January sales in 1952 show great price incentives but little buyer enthusiasm. Higher taxes might be assigned as the reason for soft consumer demand, but that cannot account for the fact that people are saving more money than at any time since V-J Day. Incomes have risen but instead of buying at high prices, people are saving their money and waiting. Instead of shortages we have abundance of civilian goods. Even the scare philosophy preached by the Administration has not been able to disturb the poise of consumers in the market place. Government economists were wrong in their estimates again. Remember, they predicted great shortages in the last half of 1951.

Consumer credit trends have followed the sales trend. Instalment sales credit went down $700 million in the first 8 months and gained but little after that. Instalment loans showed a small steady gain through the year, which can probably be attributed to the dislocations in family budgets caused by higher taxes, moving expense, lay-offs and the incidental results of other governmental controls and allocations to defense industries. Productive capacity for turning out consumer goods and farm products has increased enormously.

There is nothing in the 1951 record or in the current situation to indicate a need for tightening consumer credit controls. What the economy needs is to keep open the channels of distribution and consumption—to keep an even flow of buying. Consumer credit enables the public to satisfy their needs as those needs occur—to keep consumer demands moving at an even pace. What we need to avoid are the sudden spurts of scare buying and the resulting slumps in consumer demand in later months.

The Federal Reserve Board has shown little appreciation in the past for the important economic role played by instalment credit. It became necessary for the Congress to limit the authority of the F.R.B. in 1951 in order to avoid serious disruption in the economy. There is no reason to believe that the Board would be any more considerate of the public interest if Congress should heed the President's request and remove those restraints on its authority. We trust that if any extension of the Defense Production Act is granted, the Congress will retain in the law all the present restrictions on F.R.B. authority. In fact, we feel strongly that all power to control consumer credit should be deleted from the bill. The country would be better off without Regulation W. The defense effort would not be retarded, but the general domestic economy would be strengthened for the years ahead.

NCFA Group Insurance

The National Consumer Finance Association Group Insurance Plan for member companies became effective on February 1, 1952.

Over 1,000 employees are now covered by group insurance as employees of member companies who could not otherwise obtain this protection for their people because of the small number of associates. All licensee states where members operate except Ohio and Oklahoma permit and authorize this type of group insurance coverage.

The John Hancock Mutual Life Insurance Company of Boston, Mass., is the group Underwriter. The Trustees of the Group Insurance Trust are: Ray E. Vester, Chairman, I. L. Brisbin, John T. Snite, Paul L. Selby and Evelyn Berkeley.

Ellen Carey is Assistant Secretary and Assistant Treasurer.

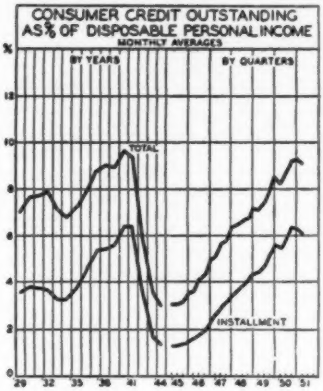
All inquiries and applications for coverage should be sent to N.C.F.A. Group Insurance Trust, 315 Bowen Building, Washington 5, D. C. Additional applications for participation may be made during the first three months next following February 1, 1952.

On the Cover

The statue of Lincoln by Daniel Chester French in the Memorial at Washington, D. C. ". . . that government of the people, by the people, for the people shall not perish from the earth."

Food for Thought

Culled from Here and There



Outstanding amounts of all *consumer credit* and of instalment credit are shown as a percentage of total personal income after taxes in this chart prepared by the Cleveland Trust Company. Data are plotted annually from 1929 through 1944 and quarterly thereafter.

Many of our so-called serious problems just do not exist except on the blueprints of planners who do not understand the basic questions. You cannot plan an economy that is always fluid and forever changing. You can only plan an economy for a static nation, the people of which lack the initiative, imagination and courage to go ahead and make better things for service and comfort.

—*Charles F. Kettering.*

The Senate Banking Committee instructed its staff to study the inflation controls of other countries to determine how they compare with ours. The staff will start with Canada which does not have any direct wage or price controls. Canada does have retail credit controls which are more stringent than those in this country.

—*Legislative Daily*

It is the customer, and the customer alone, who casts the vote that determines how big any company should be. . . . The regulations laid down by the consuming public are far more potent and far less flexible than any code of law, merely through the exercise of the natural forces of trade.

—*Greenwalt.*

If sufficient thought and effort were made to educate the public as to the contributions business has made for improving conditions in this nation, those who are constantly sniping at industry soon would find themselves on the defensive. The American business record is the envy of the world and its accomplishments are so evident that it may seem unnecessary to sell the public on the real advantages brought to every citizen through our industrial effort, but as a matter of fact management has not given the thought to public relations it will have to give in the future if it is to escape further accusations, restrictions, and regulations. It is a sad thought, but we must admit that it is not sufficient in these days for industry to build a good product, sell it at a reasonable price, constantly seek to improve its goods and enlarge its service to customers. It is now evident that, in addition, it must work ceaselessly to acquaint our people as to the benefits that flow from honestly managed, socially conscious business. Most of them are honestly managed and are quite socially conscious. Of course a small minority are not, but they cannot justify some of the economic hokum about industry with which it must contend. Millions of dollars are being spent on developing new products, new services, building new plants and equipping new factories. Let's spend an adequate amount of money trying to bring an understanding of the real objective in business. It will assume a more courageous attitude and not acquiesce in being controlled and regulated when there seems to be no need of it.—*Henry H. Heimann, executive vice president, National Association of Credit Men.*

Every Seventh Family

The Association's motion picture has had many successful showings at various service clubs throughout the country. Has yours been one of them? If not, why not bring it to the attention of the chairman of the program committees of the clubs to which you belong. The running time of *Every Seventh Family* is 26 minutes. It tells the story of your business in a creditable manner and pictures are more potent than words.

MEETING SCHEDULE

COLORADO
Broadmoor Hotel, Colorado Springs, February 29 and March 1

FLORIDA
McAllister Hotel, Miami, April 3-4

ILLINOIS
Jefferson Hotel, Peoria, April 23-24
Drake Hotel, Chicago, November 5-6

INDIANA
Claypool Hotel, Indianapolis, November 29-30

IOWA
Blackhawk Hotel, Davenport, May 14-15-16

MARYLAND
Lord Baltimore Hotel, Baltimore, October 11

MASSACHUSETTS
Sheraton Hotel, Worcester, March 20

MICHIGAN
Beach Hotel, Charlevoix, July 10-11
Statler Hotel, Detroit, November 5-6

NEW JERSEY
Walt Whitman Hotel, Camden, March 11
Knoll Golf Club, Boonton, June 3
Essex House, Newark, October 23

NEW YORK
New York City, May 7-8

OHIO
Neil House, Columbus, October 14-15

OREGON
Multnomah Hotel, Portland, November 17

PENNSYLVANIA
William Penn Hotel, Pittsburgh, May 20-21
Benjamin Franklin Hotel, Philadelphia, November 12-13

VIRGINIA
Williamsburg Lodge, Williamsburg, June 11-12
Chamberlain Hotel, Old Point Comfort, October 21-23

WASHINGTON
Washington Athletic Club, Seattle, April 19

1951 Survey of Consumer Finances

Consumers in Sound Financial Condition

The 1951 Survey of Consumer Finances made by the Survey Research Center of the University of Michigan for the Federal Reserve Board reveals a sound financial condition in the American family. Contrary to the false propaganda that American consumers are deeply involved in debt, this official survey shows that most of the families owe no debt other than the unpaid balance of mortgage indebtedness on their home. Mortgage debt on homes was directly related to ownership and was low in proportion to the current value of the homes and amortization payments were low in proportion to income. The non-mortgage debt consists of charge accounts, balances on installment purchases, installment loans and policy loans on life insurance. This type of indebtedness is short-term debt as contrasted with long-term mortgage debt.

We quote excerpts from the Survey:

"The incurrence of shorter term debt was often purely a matter of convenience, for many spending units had liquid assets that equaled or exceeded the amount of their shorter term debts. The distribution of aggregate debt—including both real estate and non-real-estate debt—among income deciles (tenths) was similar to that of personal income.

"Five in every 10 spending units had no non-real-estate debt and another 3 in 10 owed less than 10 per cent of their previous year's incomes. Only 1 in 10 consumer units had short-term debt that amounted to 20 per cent or more of income, and in many cases this borrowing was related to business investments.

"Consumers as a group were in a favorable financial position at the beginning of 1951. The general softening in the market for automobiles and other consumer durable goods in 1951 apparently did not stem from an unusually large burden of debt service charges.

"Total Debt

". . . At the beginning of 1951, as in early 1950, about one-fourth of all consumer debt was owed by spending units that constituted the tenth of the population having the highest incomes in the previous year (see Table 1). Also, as in the previous year, the distribution of consumer debt among income deciles was similar to the distribution of total money income.

"Table 1

Proportion of Total Money Income and Total Consumer Debt Accounted for by Each Tenth of the Nation's Spending Units When Ranked by Size of Income.

Spending units ranked by size of income	Money income		Total Consumer Debt	
	1950	1949	1951	1950
Highest tenth	29	30	26	25
Second	15	15	16	16
Third	13	12	14	13
Fourth	11	11	11	9
Fifth	9	9	11	10
Sixth	8	8	7	10
Seventh	6	6	5	5
Eighth	5	5	5	4
Ninth	3	3	2	3
Lowest tenth	1	1	3	5
All cases	100	100	100	100

"Non-Real-Estate Debt

"Early in 1951 approximately one-half of all spending units had debts other than those on real estate. These included amounts owed on instalment purchases and on charge accounts as well as miscellaneous debts to financial institutions, businesses, and individuals. Non-real-estate debt amounted to $200 or less for about 25 per cent of all spending units and to more than $1,000 for about 5 per cent of the units.

"The amount of non-real-estate debt owed by a spending unit is affected by its ability to obtain credit, its judgment as to the immediacy of its needs, and, in some cases, by a general attitude toward this form of debt. These factors account for many differences in the frequency and amount of non-real-estate debt owed by various groups of spending units.

"Non-real-estate debt was most frequent (58 per cent of all cases) among spending units having incomes of $4,000-$4,999 and least frequent (23 per cent) among units having incomes of less than $1,000. In general, the frequency of larger amounts of debt increased among successively higher income groups.

"Only half of the spending units without liquid assets owed non-real-estate debt as compared with about two-thirds of those having less than $200 in liquid assets. Apparently even small holdings of liquid assets are associated with a financial position satisfactory to both lender and borrower when viewing a loan transaction. The frequency of debt declined progressively from one liquid asset group to the next larger, probably reflecting less need for borrowing. Moreover, debts contracted by large holders of liquid assets tended to be small.

"Variations in the frequency and amount of non-real-estate debt among the various age groups and among groupings based on family status may have been accounted for in part by associated variations in income that affected the need and ability to incur debt. In addition, certain differences in the patterns of current purchases of these various groups and their longer run income expectations may have affected their debt patterns. The types of expenditures most often financed by instalment or other debt arrangements, especially initial purchases of cars or other durable goods, are more frequent and probably involve larger net outlays among younger than among older groups. At the same time, prospects of increasing income and the remoteness of retirement probably encourage younger persons to defer extensive saving and to incur debt in order to increase current consumption.

"The ratio of non-real-estate debt as of early 1951 to total income of the spending unit in the previous year offers a rough measure of the burden of non-real-estate debt. The non-real-estate debt of spending units having such debt was less than 5 per cent of income in the previous year in 4 of 10 cases and 20 per cent or more of income in 2 of 10 cases. The propor-

tion of debtor units whose non-real-estate debt was less than 5 per cent of income in the previous year increased with the level of income from a little over 3 in 10 in the next to lowest income group ($1,000-$1,999) to almost 6 in 10 in the top-most income group. The relation of debt to income in the lowest income group (less than $1,000) is obscured by the inclusion in this group of negative incomes traceable to farm or business losses.

"In general, purchasers of automobiles and other durable goods in 1950 owed non-real-estate debt with greater frequency in early 1951 than did other spending units. The size of non-real-estate debt relative to income tended to be larger for spending units making large net expenditures for durable goods. However, only in the group of spending units whose net expenditures on durable goods were $1,000 or more did more than half of the debtor units owe debts amounting to 10 per cent or more of income in the previous year.

"A rough measure of the liquidity of a spending unit is the relation between its non-real-estate debt, which is largely short-term, and its liquid assets. About 7 in 10 units having $1-$200 of non-real-estate debt had some liquid assets, and 5 in 10 had assets amounting to $200 or more (see Table 10). The relation of liquid asset holdings to non-real-estate debt was less favorable when the debt was large. Only 3 in 10 spending units having $501-$1,000 of non-real-estate debt held $500 or more in liquid assets and only 2 in 10 had more than $1,000 in this form.

"The combination of small amounts of non-real-estate debt and substantial liquid asset holdings may indicate that the debt was a matter of convenience rather than necessity. Since service charges are substantial on large debts, many spending units that had liquid assets possibly preferred to draw upon them rather than to incur a large debt.

"Table 10

Amount of Liquid Assets Held by Spending Units Having Specified Non-Real-Estate Debt

(Percentage distribution of spending units)

Amount of liquid assets	All spending units	Amount of Debt: None	$1–$200	$201–$500	$501–$1,000	$1,001 and over
None	28	27	28	35	26	16
Some	72	73	72	65	64	84
$1–$199	16	10	19	26	25	25
$200–$499	14	12	16	16	16	16
$500–$999	11	11	11	7	12	13
$1,000–$4,999	22	26	18	13	16	23
$5,000 and over	7	11	6	1	1	7
Not ascertained[1]	2	3	2	2	4	([2])
All cases	100	100	100	100	100	100
Number of cases	3,415	1,753	853	354	233	181

[1] Includes cases for which ownership of liquid assets was not ascertained. Such cases were less than one-half of 1 per cent of total sample.

[2] No cases reported or less than one-half of 1 per cent.

"Charge Accounts

"About 37 per cent of all spending units reported having charge accounts at stores other than grocery stores. By income groups, the proportion rose rapidly from about 13 per cent of the group having incomes of less than $1,000 to 71 per cent of those having incomes of $7,500 or more. On an occupational basis, the proportion was largest (63 per cent) in the professional group, and smallest (16 per cent) among farm operators. The proportion of the clerical and sales group having charge accounts was somewhat greater (53 per cent) than would be expected on the basis of income (median income of $3,200 in 1950) but may be accounted for by the predominantly urban character of this group.

"At least 75 per cent of the spending units including a married couple had some life insurance. More than 7 in 10 single persons 18-44 years of age owned life insurance but in general their premiums were smaller than those of married persons in the same age group. Only among older single persons was the frequency of life insurance ownership less than 50 per cent."

The Lenders Exchange

The Cleveland Exchange Streamlined Its Operations for Greater Efficiency

By W. J. GOURLEY, JR.

Mr. Gourley is a manager for the Ohio Loan and Discount Company, Cleveland, Ohio.

The Cleveland Exchange has had an envious record of efficiency and low operating cost for many years. Last year they found inflationary pressures reflected in personnel attitudes, increased expense, friction and complaints. While these problems were not serious at the time, the Board of Directors adopted the wise procedure of initiating a program of study and research designed to anticipate and eliminate points of friction before they became burdensome or resulted in any breakdown of services.

The first step in streamlining operations was the appointment of an Executive Committee with authority to handle the actual operations of the Exchange. The Board of Directors is concerned with matters of policy, bylaws, formal arbitration of complaints, membership, etc. The Executive Committee is charged with the responsibility of seeing that the Exchange functions and renders the service for which it was organized—i.e.—to furnish to members information concerning applications and existing loans. The Executive Committee is in close contact with daily problems and details of operations so that decisions can be made promptly, operation procedures clearly outlined and defined without waiting for the "remote control" decisions by the Board of Directors on matters of detail. Employees are made to feel that they are an integral part of the organization family and are thus encouraged to have an interest in the industry they serve.

Survey of Exchanges

Its Executive Committee wanted to know how the Cleveland Exchange

compared with other lenders' exchanges. Twenty-five letters were sent out asking information on costs, personnel, filing systems, etc. The replies signified a genuine desire to cooperate on mutual problems and an interest in solving some of their own.

Obviously exchanges which have less than ten members have a problem of finding enough names to keep one person busy and therefore, in many cases, have to operate in conjunction with a credit bureau or rely solely on other services to secure information. Clearances by one member per month run from ninety-five to one hundred and seventy. Using a twenty-five day month and striking an average, this would mean about four a day per member and for ten members forty clearances per day. This is not a sufficient number to keep an employee busy when the average clearances per day per employee are eighty-one. Clearances range from a low of forty-nine to a high of one hundred and sixty.

In connection with charges we find some deviation from the standard practice of charging by cost per name cleared. One exchange charges according to outstanding, viz: Members with an outstanding of $25,000 to $75,000 pay $15.00 per month: with an outstanding of $75,000 to $125,000, it is $20.00 a month. Excess money is used for a picnic or party for members.

Another exchange is operated in conjunction with a credit association and charges $25.00 for membership. Members with an outstanding under $100,000 pay $12.00 per month and over this figure pay $23.00 a month. They state that of eighteen members, sixteen pay $23.00 per month. By far, however, the preference seems to run to a charge per name cleared based on expense and including a sufficient reserve to cover unforeseen contingencies.

There are noticeable differences between the number of names, per employee, cleared in various cities, and in the cost per clearance. There is much room for study in the operational set-up when expenses are rising and employee efficiency does not increase proportionately.

Cost Factors

Some uncontrollable factors enter into costs of operations. We all know that salaries in large cities are usually higher; likewise rents and some other items. But comparisons between two or more large cities or between several smaller cities should not show such wide discrepancies.

In loan operations, management strives for an average of three hundred accounts per employee and a certain cost per account handled; so in exchange operations there should be a base figure governing each phase of work.

Some factors which affect costs are: space in a high rent district when central location is not necessary and arrangement for smaller space.

Internal management for efficiency and economy are important considerations. Responsibility for results based on comparisons with other bureaus could effect economies. Analysis of physical set-up to achieve maximum operational efficiency is a must.

These are only a few suggestions which can be made for holding the expense line. There are many others. But this one thing is certain: Exchanges should be run on the same basis and with the same type of controls which the industry utilizes to show the stockholders a profit. Constant analysis by the board, a working committee in close touch with the bureau and a sincere interest on the part of the members, can bring about a more cooperative operation with excellent results in economy and efficiency. The primary service to be performed is that of compiling records and giving information.

Regulations

The by-laws of one association have no restriction on number of loans made; another insists on "Pay off or lay off," which precludes two loans to the same borrower except on automobiles; a third allows a $600. limit for total loans by one primary obligor; still another allows as many loans as a person can offer different security for, but in no instance more than one signature loan.

In the category of regulations some exchanges have no limit on the number of names cleared at one time, others have a limit of two and many have regulars, specials and those sent in by mail. Time limits for solicitation after payoff or clearance run from four days to as high as ten days in some cities.

Managers in chain companies who are transferred inter-state find a confusing incongruity existent and can see no rhyme or reason for many of the regulations, policies, and costs.

Realistic Approach

An engineered approach to Exchange operation is possible. Studied consideration of step-by-step procedure always pays dividends in reduced costs, smoother flow of work and fewer problems.

The North Jersey Exchange Bureau of Newark, serving many companies in New York and all licensees in metropolitan New Jersey exemplifies this theory to a large degree. With a per name charge of about sixteen cents this exchange has, probably, the lowest cost in its volume class. It has recently entirely revamped the operations as well as most of its equipment.

In revising its set-up that Exchange followed the recommendation of Remington Rand very closely. It purchased a lot of new equipment and had

(Continued on Inside Back Cover)

The Cleveland Small Loan Exchange

North Jersey Exchange Bureau

Taking the Credit Application

By LEONARD BERRY, Educational Director, National Retail Credit Association

By special permission of the National Retail Credit Association, we bring you part of the material from their new course, "Primer in Retail Credit."

Good interviewing starts with the attitude of the interviewer. A genuine liking for people, plus a real desire to be of service to them, is essential.

The credit interview should be approached in this frame of mind: "In what way can I best serve my customer?" and "What is the easiest and most pleasant way of carrying out this interview?"

Another angle of attitude is the setting of the tone of the interview. A nice balance between the necessary businesslike atmosphere and the desirable friendly informality must be maintained.

Customers resent undue familiarity. On the other hand, they resent being treated in a wooden and mechanical manner. An easy, affable and cordial approach, together with the respect due a patron, added to the courtesy and good manners a hostess shows a guest, creates the ideal interviewing climate.

How Long?

Credit interviewers must develop a sixth sense of knowing the right time to terminate an interview. It is not possible to say what the ideal length of an interview should be.

With some customers it is necessary to spend quite a little time in "thawing them out." Others having had previous experience with credit interviews know about what is expected of them, and are prepared to get it over as quickly as possible.

It is neither wise nor necessary for the interviewer to permit the development of too great an intimacy with customers. It might be necessary, at some future date in the business relationship, for the interviewer to be compelled to refuse an unwarranted request for special privileges or to press a collection matter. If an undue amount of intimacy has been allowed to develop it is more difficult later to be businesslike.

Other Fine Points

One important part of credit interviewing is the ability to pick up impressions. Many times a customer seeking credit will consciously or unconsciously withhold certain essential information. Behavior, mannerisms, and nervous gestures, etc., will often give the alert and sensitive interviewer clues as to financial or domestic irregularities the customer is trying to conceal.

Such clues, of course, mean that the interviewer should keep on with the interview, gently probing until either the clues prove groundless or bring out some important facts that have a bearing on credit responsibility. However, do not develop a suspicious attitude always looking for hidden things that probably do not exist.

One other point about credit interviewing is that it should continue the selling process. An abrupt transition from the pleasant selling atmosphere of the sales floor to the cold financial atmosphere of the credit office is all too often like a dash of cold water.

Without being too effusive the interviewer should get across to the customer the idea that her purchase is a sound one, and that the merchandise selected will be a source of pleasure and satisfaction. All of us like to have our good judgment confirmed—makes us feel much better!

Five Points to Cover

Remember, five points must be answered before you can be said to have taken a good application for credit:

1. You must get sufficient information about the customer to insure positive identification.
2. You must obtain as much personal history of the customer as is necessary to establish credit worthiness.
3. You must make the credit interview pleasant and agreeable.
4. You must *sell* the store, its merchandise and *service*. You must also sell the customer on the advantages of sound credit and respect for credit terms.
5. You must leave the customer with a friendly attitude toward you and your office, so the customer will feel free to come in at any time and discuss credit and financial problems with you.

"It gives us a big laugh - that's his wife, and every now and then he refuses to cash his checks for her"

Wage and Hour Suit

The Secretary of Labor's wage and hour suit against Household Finance Corporation was tried before Federal District Judge William H. Kirkpatrick at Easton, Pennsylvania, in January.

The case raises two separate questions. The first is whether Household's small loan office at Lancaster, Pennsylvania, is engaged in commerce or in the production of goods for commerce so that it is subject to federal control under the Fair Labor Standards Act. The facts relating to this question were stipulated and were not covered by any testimony.

The second question is whether the Lancaster office is a retail service establishment so that, even if Household is subject to the Act, its employees at Lancaster are exempt. This point was developed by testimony. Household called: Leon Henderson, formerly of the Russell Sage Foundation and later active in various capacities involving research for the federal government; Elmer E. Schmus, cashier of The First National Bank of Chicago, who is widely known in this Association; and J. P. Dreibelbis, formerly general counsel for the Federal Reserve Board and presently head of all commercial banking operations of the Bankers Trust Company in New York. Mr. Dreibelbis drafted the original order which authorized Regulation W, as well as the original Regulation W itself. He participated in its administration for a time. Each of these witnesses devoted a large amount of time in preparing to testify and in being present in Easton for the trial.

In addition, the testimony which Paul L. Selby, executive vice president of the National Consumer Finance Association, would have given if present was stipulated into the record.

The government's witnesses were: David C. Melnicoff, who administers Regulation W for the Federal Reserve Bank in Philadelphia; and Professors Charles R. Whittlesey and Donald F. Blankertz, both of the Wharton School in Philadelphia.

The Judge reserved his opinion until after briefs are filed in March, so the case will not be decided before sometime in April.

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Practicing psychologists list 5 rules for appraising men considered for executive promotion: (1) Ambition; (2) Attitudes toward policy; (3) Attitudes toward colleagues; (4) Supervisory skills; (5) Attitudes to excessive demands on time, energy.

—*Commerce.*

Consumer Credit Conferences

Three important national consumer credit conferences have been scheduled for this year.

The National Consumer Credit Conference for 1952 will be held at Indiana University, Bloomington, Indiana, May 22-23, 1952. Dr. Albert Haring, Professor of Marketing at Indiana University, is the general chairman of the program committee. The following associations have already joined in the project as co-sponsors: American Finance Conference, Inc., American Industrial Bankers Association, Associated Credit Bureaus of America, Credit Union National Association, National Association of Credit Men, National Consumer Finance Association, National Foundation for Consumer Credit, National Retail Credit Association, National Retail Dry Goods Association, and National Retail Furniture Association. Other organizations are invited to participate in this conference of such great interest to all consumer credit institutions.

On June 24-25, the National Retail Credit Association conference will be held in Washington, D. C. The credit bureaus of the country join enthusiastically in this meeting, and attendance usually runs about 1,500 persons. National Consumer Finance Association has been invited and will conduct a two-day credit panel in connection with that meeting, with participants from the consumer finance industry and from the credit bureaus.

Albion College at Albion, Michigan, under the leadership of Dr. Emil Leffler, is holding a consumer credit conference at Albion on April 22 and 23. National Consumer Finance Association has been invited and will participate along with many other representatives from the consumer finance industry.

"I met your boss on the street, dear, and got an advance on your salary"

"Bankers' Hours" Gets a New Definition

So-called "bankers' hours" were scrapped in a radical revision by one New York banker.

Despite manpower shortages and rising costs, Harvey L. Schwamm, president of the American Trust Company, has announced that his company will open at 301 East Fordham Road, the Bronx, the first bank in the Metropolitan area, either commercial or savings, to offer its customers complete and continuous banking services from 9 A.M. to 9 P.M. Monday through Friday and on Saturdays from 9 A.M. to 5 P.M. This revolutionary attack on traditional "bankers' hours" is a marked reversal in the trend toward a shorter work week and shorter hours.

"We believe that banks should give realistic recognition to the convenience of their depositors instead of forcing their depositors to do their banking at the convenience of part-day banking hours," Mr. Schwamm declared.

"Since banks are essentially service organizations, there is no reason why they cannot make due allowance for persons unable to do their banking in the traditional 9 A.M. to 3 P.M. banking hours.

"Moreover, with a shorter work week, many working men and women are paid on Fridays and with banks closed on Saturdays there is no place for them to cash their checks and do their banking business. Often they have to pay a premium or cash their checks at undesirable places. That is why in this unusual experiment we want to bring the bank back to the people."

Excerpts From—

Consumer Finance Law Bulletin

Small Loan Law Decisions and Rulings

Virginia Maximum Rate. After extensive investigation and a two-day hearing held on December 10 and 11, 1951, the Virginia State Corporation Commission decided not to reduce the existing maximum rate of 2½% per month. The Virginia Small Loan Law requires the Commission to investigate "economic conditions and other factors" from time to time and set a maximum not exceeding 2½% per month "which will induce efficiently managed commercial capital to be invested in such business in sufficient amounts to make available adequate credit facilities to individuals seeking such loans, and which will afford those engaged in such business a fair and reasonable return upon the assets." The Commission's staff presented evidence as to the effect of a maximum of 2¼% per month. The Virginia Association of Small Loan Companies, represented by Virgil R. Goode, presented evidence as to maximum rates in other states, rising costs of operation, and the determination of assets. The Commission's order retaining the 2½% maximum was entered on December 14 by a unanimous vote of the three judges.

Creation of Maine Loan Corporation by Special Act. In an advisory opinion to the Maine House of Representatives, the Maine Supreme Court ruled that a corporation to make loans exceeding $300 may be created by a special legislative act, notwithstanding the constitutional prohibition against creation of a corporation by special act except where its objects cannot otherwise be attained. The opinion is based on unusual provisions of the banking and general corporation laws which prevent organization of moneylending corporations under the general corporation laws. Opinion of the Justices (May 8, 1951) 146 Me. 316, 80 Atl. (2d) 866.

Validity of Partial Release of Oregon Co-Maker. The Oregon Attorney General held that a partial release of a co-maker is ineffective when other co-makers do not consent to the release. He accordingly advised the Superintendent of Banks to disapprove a proposed form of release and a related guaranty agreement. The release was designed to reduce a co-maker's liability on an existing note so as to permit him to assume liability for a new loan within the $300 limit fixed by the small loan law. The opinion is based on the Negotiable Instruments Law rather than the small loan law. It reasons that the release would be a material alteration of the note, voiding the note as to non-consenting makers, but that they would remain liable on the "original indebtedness evidenced by the note," and that the maker to be released would remain liable on the note because of his participation in the

alteration. Opinion No. 1857, dated July 27, 1951.

Loans Exceeding $300 by Arizona Licensees. In an opinion construing the Arizona Small Loan Law, the Attorney General indicated that licensees may not lend a person more than $300 at the small loan law rate, and may not split a loan exceeding $300 so as to make part under the small loan law and part under the 8% "add-on" law, but they may lend under the 8% "add-on" law when no part of any such loan is made under the small loan law. Opinion No. 51-275, dated Oct. 20, 1951. The 8% "add-on" law permits 8% per annum to be charged on the original amount of a loan without regard to instalment payments.

Other Decisions and Rulings

Collection of Refinancing Loan after Bankruptcy Discharge. In a state court action brought after the borrower's discharge in bankruptcy, where the borrower gave a false and fraudulent financial statement in a refinancing transaction in which $14 cash was advanced and his payments were reduced, the lender was permitted to recover the entire balance due, notwithstanding the borrower's intervening bankruptcy discharge. The trial court had held that only the $14 was recoverable, but the reviewing court construed the Bankruptcy Act as making the discharge ineffective as to the entire obligation represented by the refinancing note. Personal Finance Co. of New Jersey v. Bruns (N.J. Super. Ct., App. Div., Nov. 2, 1951) 84 Atl. (2d) 32.

"Brokers" Held Taxable as Money Lenders. In an action by the Mississippi State Tax Collector in which the defendant claimed to be a loan broker and had paid the annual loan broker's privilege tax, he was held to be a money lender. Accordingly, he was held liable for the $2,000 annual tax on money lenders charging more than 15% per year. The judgment was for the years 1949 and 1950 plus 50% "damages on the amount of such tax for failure to pay the same," a total sum of $6,000. The court did not state the facts, but found no material difference between them and the facts in Alt v. Bailey (Miss. Sup. Ct., May 7, 1951) 52 So. (2d) 283, reported in the June Bulletin, p 24. In that case a partnership posed as a broker in obtaining small loans from an out-of-state bank, and immediately cashed drafts drawn on the bank when endorsed by the borrowers. Hays Finance Co. v. Bailey (Miss. Sup. Ct., Nov. 12, 1951) 54 So. (2d) 727.

Maryland Credit Union Loan Size. Laws 1951, Ch. 214 increased the maximum unsecured loan size for credit unions from $300 to $400.

Consumer Credit

Amendment No. 5 to Regulation W

Regulation W is hereby amended in the following respects, effective December 31, 1951:

1. By amending Part 4 of the Supplement to the regulation to read as follows:

Part 4. Calculation of down payment and maximum loan value for listed articles. The required down payment and maximum loan value for a listed article shall be the specified percentage of the cash price of the article. The amount of credit extended in connection with any article for which a maximum retail price is prescribed by Federal price authorities shall in no event exceed the amount which would have been permitted if the article had been sold at the maximum retail price. Such required down payment may be obtained in the form of cash, trade-in, or both.

If the cash price of an article listed in Group D cannot be determined at the time the required down payment must be obtained or at the time of the loan, (1) the Registrant may substitute for the cash price in calculating such down payment a *bona fide* estimated cash price, or (2) the borrower may substitute for the cash price, and in calculating the maximum loan value the Registrant may rely in good faith on, a *bona fide* estimated cash price as so stated in the Statement of the Borrower.

2. By deleting in its entirety Part 5 of the Supplement to the regulation.

3. By substituting "Part 4" for "Part 5" in footnote 5 to section *4(d)* of the regulation.

4. By substituting "Part 4" for "Parts 4 and 5" in the language in parenthesis in the first sentence of Part 1 of the Supplement to the regulation.

Amendment No. 6 to Regulation W

Regulation W is hereby amended in the following respects, effective January 2, 1952:

1. By adding after the word "Automobiles" in Item 1, Group A, Part 1 of the Supplement to the regulation the words "of year-model later than 1942."

2. By adding the following sentence at the end of section *6(j)*:

Any credit outstanding in connection with the purchase of any property used as a trade-in shall be deemed to be credit for financing the purchase of the article with respect to which the trade-in is made.

Issued by the Board of Governors of the Federal Reserve System

Interpretation of Amendment No. 5

Questions have been presented concerning the application of Part 4 of the Supplement to Regulation W, as amended, effective December 31, 1951, particularly as it relates to instalment loans subject to section 4(a) of the regluation.

As so amended, Part 4 provides in effect that where the "cash price" of a listed article is not less than the applicable maximum retail price prescribed by Federal price authorities, any instalment credit extended in connection with the purchase of the article shall not exceed the amount of such credit which would have been permitted if the article had been sold at the maximum retail price.

While the above provision, like section 8(e)(1) of the regulation, applies to both instalment vendors and instalment lenders, the position of the latter, as a practical matter, may not be identical with that of the former who always has specific, first-hand knowledge of the price for which he sells a listed article, whether that price be, for example, the prescribed maximum retail price to which he is subject or a lesser price. Furthermore, section 4(d) specifically provides that if an instalment lender "relies in good faith on the facts set out by the obligor in" the Statement of the Borrower (one such fact being the cash price of the article), "it shall be deemed to be correct for the purposes of the Registrant."

The amendment to Part 4 of the Supplement was not intended to change the practice permissible to instalment lenders under section 4(d) or to require an independent verification of a Statement of the Borrower the truth of which the Registrant had no reason to doubt. However, neither that section or section 8(e)(1) would protect an instalment lender who, from any source, knew or had reasonable grounds for suspecting that the particular credit, if granted, would exceed the amount permitted by Part 4 because of either a fictitiously inflated price for the article or a price therefor in excess of the applicable maximum retail price.—*Issued by the Board of Governors of the Federal Reserve System.*

Personalities

Perle C. James, vice president of Capital Finance Corporation, was born on August 24, 1902, on a farm southeast of Delaware, Ohio. He attended grade school in Berlin Township and graduated from the Centralized High School there. He is also a graduate of Bliss Business College in Columbus, Ohio.

Mr. James, a Capital veteran of more than 30 years standing, is well known to all within Capital as well as throughout the entire consumer finance industry. His entire working experience has been devoted exclusively to Capital and the progress of the industry.

Virtually every role has been successfully filled by P. C. James as he rose from Capital's ranks, starting out in 1921 as a branch office clerk at the original office located at 22 E. Gay St., Columbus. He served as assistant manager and manager in various offices before becoming a division manager in 1940.

His responsibilities as a Capital field executive made him well conversant with the operations of all branch units in Capital's nine-state area. In 1945, Mr. James was promoted to the Executive Offices and named Assistant-to-the-President, in which capacity he assisted Mr. Ingram in the operation and direction of the company's ever-increasing number of branch offices.

Mr. James is married, the father of twins, a son and daughter, and now has five grandchildren of whom he and Mrs. P. C. James are especially fond.

A past president of the Lion's Club, member of all Masonic bodies, Mr. James is interested in all civic and public-spirited projects.

TWENTY Years Ago in the *News*

Personal Finance News, February 1932

National Officers, 1931-1932:

President, L. K. Osborne; Vice President, W. G. Wood; Executive Vice President, W. Frank Persons; Treasurer, T. J. Harrison; Secretary, Edgar F. Fowler

The past month has witnessed rapid crystallization of thought and action toward the solution of national economic problems. The fogs of procrastination are rolling away. A spirit of courage is replacing that bewilderment which has confused thought and benumbed initiative. The nation is now surveying its situation through the cleared and more invigorating atmosphere of determination to face facts, to mobilize resources, and to win the long battle ahead.

To those interested in personal finance, the significant feature in these developments is the prominent part assigned to the use of credit as the necesary lubricant of our grinding economic gears.

Our government is about to launch the biggest credit organization ever undertaken in peace time by any nation. This is the Reconstruction Finance Corporation, advocated by President Hoover and authorized by Congress through an overwhelming vote in both Houses.

Congress is considering, also, measures to create a home loan banking system. This is in response to facts developed by the President's home building conference, largely devoted to consideration of liberalized credit for home building . . .

The pertinence of these important developments lies in the progressive emphasis being placed on the essential role of consumer buying power. The realization is plainly growing that the revival of the confidence of the average businessman, and the ability and willingness of the consumer to go into the market places are the fundamental requirements for business recovery.

. . . The Bureau of Foreign and Domestic Commerce is prepared to offer its services to any industry seeking to set up machinery for economic planning. How these services and aids shall be extended and how far they are needed is a matter for the individual to decide in the opinion of Frederick M. Feiker, director of the Bureau. Government can help, government can coordinate and plan but the burden rests upon every individual business group and business organization to put its own house in order. The forward-looking individual or group will act now to insure future stability, and will take advantage of the means which business itself has set up in the Department of Commerce to determine its needs and its measures.

It is in the procuring of facts and the analysis of conditions that organized business groups can offer to the individual man the basis upon which he can found his individual economic planning. Representative trade associations and business represent atives have prompted the formulation of a definite, concrete program—an American economic plan if you like—for business stabilization through group action.

This program of economic planning must conform to the fundamental American principle of individual initiative and individual achievement for individual reward. It cannot be imposed by fiat or decree. It must in the end rest upon the intelligence and ingenuity of the American businessman. Economic planning by ukase is not for us.

—From an address by the director of the Bureau of Foreign and Domestic Commerce.

A Boy and a Dog

Managers Louis Alegnani, Herrin; Florina Weaver, Christopher; William S. Armstrong, Marion; Elmer Farmer, West Frankfort, with Carlos Irby

Carlos Lee Irby, nine-year-old Carterville, Illinois, boy wrote a letter to Santa Claus. He asked for a puppy to replace the Pekingese which had been run over by an automobile. The puppy which was killed was the beloved pet of Carlos and his little brothers, seven and five years old. They had asked their father to buy them another, but the father had been ill for 10 months, and had only recently returned to work. There just wasn't money for another puppy. And so Carlos appealed to Santa Claus, but the letter came back.

Carlos then wrote Don Wesley of Radio Station WGGH. Milo C. White of Springfield, president of the White Loan Company, which sponsors a program presented by Mr. Wesley, heard about the Irby boys' desire for a dog, and instructed White managers at West Frankfort, Christopher, Herrin and Marion to start looking for a Pekingese puppy for Carlos. The presentation was made by Bill Armstrong, Marion manager for the loan company, at a radio party attended by Mr. and Mrs. Irby and their three children.

Boy Scout Week

The Boy Scouts of America, whose principal goal since its inception in 1910 has been character building and citizenship training, will mark its 42nd anniversary during Boy Scout Week, February 6 through 12.

The Boy Scout birthday will be the occasion for launching a new three-year program known as "Forward . . . on Liberty's Team" to even more effectively serve the nation through its youth. Among many activities, a major one will be to help get out the vote in the national elections next fall.

Basic to effective citizenship in war or peace is physical fitness. Scouting will re-emphasize clean living, outdoor activities and preparedness for daily living. It will strengthen its use of the Patrol system which gives boys the experience of living cooperatively with each other, which is seen as training for citizenship in a larger democracy.

Sensing a need for more citizens who can stand on their own feet and think for themselves, more rugged outdoor experiences are planned, which it is found develop initiative and self-reliance. As Scouts have always been trained to "be prepared" to render service in critical situations, their Emergency Service program will be broadened in the next three years. Coupled with this is their training in Civil Defense.

The Boy Scouts of America reaches its 42nd milestone with its membership at its highest peak. Today, there are 2,900,000 boys and leaders enrolled. Since 1910, more than 19,000,000 Americans have been identified with the Boy Scouts of America.

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We can best serve a desperate world by refusing to be desperate.

—Origin Unknown.

New Board Member

Earl F. Ganschow

Earl F. Ganschow, president of the Saginaw Finance Corporation of Saginaw, Michigan, was appointed to the Board of Directors of the National Association in December to fill the vacancy created by the resignation of Clarence Adams.

Mr. Ganschow is treasurer of the Michigan Consumer Finance Association and a member of its Board of Directors and Executive Committee. He served as its president in 1948-1949.

Mr. Ganschow has been in the consumer finance business in Saginaw since 1921 with the exception of four years between 1935 and 1939. His selection as a Board member is in line with the practice of keeping representation balanced between large and small companies and choosing a man who has been active in state association affairs.

State Association Activities

California

The 11th annual convention of the California Loan and Finance Association, held at the Ambassador Hotel in Los Angeles on November 7 and 8, proved to be one of the most interesting and best attended in the history of the association. A new feature, the Owners' Day luncheon and meeting with attendance limited to owners and executives, was a highlight of the meeting and it was unanimously decided to include such a meeting in future annual conventions of the association.

Speaking on the Owners' Day program were J. A. Metzler, Deputy Corporation Commissioner, attorneys George R. Richter, Jr. and L. J. Styskal, and David Corbett, advertising supervisor, Beneficial Management Corporation. Each speaker presented practical, informative points on operations and several interesting questions were propounded during the discussion period.

The Board of Directors held their annual meeting on the evening of the 7th at which time reports of officers and committee chairmen were submitted and routine business, including the setting of dues for 1952, was transacted.

The annual business meeting of the association was held on the morning of the 8th. Directors for the ensuing year were elected and the new Board in turn elected officers and the Executive Committee. William H. Wood of San Francisco was elected president succeeding W. P. Rucklos of Pasadena, and J. S. Cole of San Francisco was elected northern vice president succeeding Mr. Wood. Other officers re-elected were R. O. Siemon, southern vice president; George D. Nickel, secretary; Ben J. Miller, treasurer; and J. Miller Redfield, executive secretary. L. J. Condon was re-named chairman of the Executive Committee.

At the luncheon meeting in the Cocoanut Grove, Dr. Hugh M. Tiner, president of Pepperdine College of Los Angeles, gave a most inspiring address on "The Business Man in Today's World." He pointed out that today's world is a changing world and in a confused world, people in search of security are apt to lose sight of the value of freedom. Dr. Tiner said that businessmen have the responsibility to assume leadership in making this country a better place in which to live—that leadership, or lack of it, has been the determining factor in the rise or downfall of civilization. Other points he made were: Poor leadership results from poor citizenship; indifference is the curse of democracy—eternal vigilance is the price of liberty; and we need enthusiasm for democracy to match the fanaticism for communism.

Three excellent speakers were on the afternoon program. E. A. Mattison, executive vice president of the Bank of America spoke on "A Banker's View of Consumer Credit." He said "muddled thinkers and bureaucrats" who meddle with economic forces they cannot understand are the only likely obstacles to our living standards. He took issue with the Federal Reserve Board estimate of outstanding consumer cedit, saying that 6 billion in commercial credit and service bills should not be included. Mr. Mattison stated that Americans are saving faster than borrowing as proved by the fact that last June, consumer credit was only 7.7% of total disposable personal income as contrasted with 12% in 1940.

Assemblyman Ernest R. Geddes of Pomona, chairman of the Assembly Finance and Insurance Committee, spoke on "Your State Government Is Big Business." He analyzed some of the items which go to make up California's billion-dollar yearly budget and likened the Legislature to a Board of Directors directing the conduct of this "big business."

Thomas D. Griffin, executive vice president of Local Loan Company, was the last speaker on the afternoon program, talking on "Your Affairs In Washington." He said at the outset that his talk could be summed up in one short sentence—"Your affairs in Washington are in one h—— of a mess." He forcefully portrayed the extent to which government controls and regulations are now imposed on all types of business, and particularly ours. Tom's ready wit and cogent remarks were greatly appreciated by all those who heard him.

The convention concluded with the banquet and dance in the Embassy Room with approximately five hundred members and guests attending. Judging from appearances and reports, everyone had a most enjoyable evening.

Connecticut

The Connecticut Consumer Finance Association held its annual meeting at the Hotel Bond in Hartford, on November 20, 1951. Highlight of the meeting was the presentation of a gift to Richard Rapport, former Commissioner of Banking in the State of Connecticut, in recognition of his distinguished public service. Mr. Rapport, who is now executive manager of the Connecticut Bankers Association, responded warmly and recalled that he had made his first mark in the Banking Department as the "small loans examiner." He said he felt that a good deal of his success resulted from the cooperation and friendship he received from the consumer finance industry.

Arthur W. Carlson, Association President; University President Jorgensen; William Druehl, Association past president and Richard Rapport

The main address was delivered by President Albert N. Jorgensen of the University of Connecticut, whose talk encompassed a broad plane and offered a constructive program for the "second half of the 20th century." Tempering his view with optimism, Dr. Jorgensen said that "the world situation today is more alarming than desperate." His speech was prominently reprinted in the Hartford newspapers.

A pleasant feature of the program was the awarding of the annual Fred H. Lovegrove Scholarships to two University of Connecticut students by the Connecticut Consumer Finance Assocition. The recipients, John Wazer and George Millerd, responded graciously. They were accompanied by Dean Samuel C. McMillan of the University of Connecticut School of Business Administration.

Officers elected for the next year are as follows: president, Arthur W. Carlson; first vice president, Irving S. Michelman; second vice president, Serge Belanger; secretary, John P. Bramer, and treasurer, Carl Bergendahl.

Indiana

A record high registration of 222 members with an additional 350 guests at the banquet marked the fifth annual convention of Indiana Associction of Installment Credit Companies, Inc. November 29 and 30 at the Claypool Hotel in Indianapolis. The board of directors held a meeting at 11:00 a.m. on the 29th.

The convention opened with a luncheon at noon November 29 in the Claypool's famed Riley Room, with Dr. V. Dewey Annakin, professor of

sociology at Indiana State Teachers College, Terre Haute and former district Governor of Rotary International, as the luncheon speaker. On the subject, "The Wider Social Meaning of Human Relations," he said in part:

"The most fundamental thing in any business structure is the spirit that pervades the setup. We have forgotten democracy is essentially a spiritual thing. The economic process has an influence on the social system in general. This is a two-way proposition."

Three outstanding speakers were on the program for the first general session opening at 2:30 P. M. November 29. John M. Otter, vice president and general sales manager of The Philco Corporation, Philadelphia, and president of the National Foundation for Consumer Credit, Inc., was the opening speaker, his subject being "Credit . . . More Than All the Gold Mines in the World."

"Credit has established a new high plane of living for the middle class American," Mr. Otter said. "The American people know that no door is closed to them. The majority can have most of the good things of life. Private enterpise has made possible this kind of living. Mass production and low production costs are predicated on mass participation. Consumer credit alone has made it possible to build great industries creating durable goods."

Commenting on the participation of the National Foundation for Consumer Credit in the campaign to obtain modification of Regulation W, Mr. Otter said: ". . . the use of instalment credit is strictly deflationary. Manufacturer and retailer borrowing is inflationary.

The instalment payments withdraw from circulation the new money which was created when the manufacturer originally borrowed.

"The people of the United States have stayed within their means. Instalment buying has proved to be sound business for many years. It offers a savings plan equal to none. Mass buying reduces prices more than interest costs increase them. Private enterprise built the plan. Now it's up to us to build a better understanding on the part of the American public. We must educate the people through the schools, churches, newspapers and radio. Too much misinformation on consumer credit is passed around the country. Our Foundation has started this educational process by courses in colleges and schools. We must make the public so conscious of the good of this system that it will never be necessary for the Government to step in with regulations again."

Edward P. Kessler, vice president of Aetna Finance Company, St. Louis, was the second speaker on the afternoon program, his subject being "What Are They Saying?"

He expressed the viewpoint that many collection problems are created, or fail to become adjusted, because of a lack of understanding between the parties involved. Collection problems, he said, are problems of human communication. He made a plea for a "common sense, practical, down-to-earth and modern scientific method of handling the whole process, a method which recognizes the rights and expected profit of the lender but which, and of equal importance, recognizes the rights and human dignity of the borrower. If our industry needs anything today, it is a wider dedication to the service and needs of our consuming public. I think that more and more we should select men for promotion for their expertness in human relations."

Final speaker on the afternoon program was Paul L. Selby, executive vice president of National Consumer Finance Association, Washington, D. C. Mr. Selby was one of 7 American business executives who returned only three days previously from "Operation Enterprise Number Two," a 28-day visit to Europe.

"Europe seems to have little appreciation of the American mass production system or of consumer credit, and little desire to introduce our methods," he said, "but we do feel that we brought about some understanding." He told of conferring with a British textile manufacturer who admitted he had no interest in expanding his operations since his tax would reach 97½% after a certain volume. "That is an indication of the problem which now confronts us in this country," Mr. Selby said. "How much taxation can a business structure stand and still retain incentive?"

Speaking on "The Road Ahead," he predicted that "in our industry for the next year or two business will be better than in the past in relation to demand for loans and constructive use of credit. Profits will not necessarily be better, since costs will be higher. We must depend on volume to keep our net position. We are facing federal encroachment on private business, a real hazard to the free enterprise system in America. This is evidenced in consumer credit controls, higher taxes, demand for licenses to do nearly everything, and hampering restrictions at every turn. In this fight for existence, the future of the American citizen and the American family depends on winning the fight against federal bureaucracy and federal encroachment, which will destroy the opportunity system unless headed off."

Serious business was forgotten and cares laid aside in favor of diversion Thursday night, when nearly 500 members and guests attended the "Food 'N' Fun Fest."

The second general session and annual business meeting opened at 9:45

A. M. November 30 in the Assembly Hall of the hotel.

Mr. Sieloff opened the meeting with the president's report. He said in part:

"There is definitely more need now than ever before for a united front. Many problems continue to confront us. Section 10 of the Retail Instalment Sales Act and the right of the Department of Financial Institutions to regulate dealer participation is in jeopardy. The outcome of this challenge is of vital interest to members of this association.

"We are still faced with problems of national defense and controls. We may look for a further curtailment of civilian production and a step-up of the draft and its attendant personnel and civil relief problems. Control of wages and prices is in effect. Already we have increased taxes on individuals and corporations and there is a very real probability that there will be further increases in the near future. Regulation W, although liberalized to some extent, is still with us and a thorn in our side. The Federal Trade Commission's rules relating to the financing of motor vehicles were promulgated February 6 and after much delay finally made effective in July. All these things indicate to me that there is more need now than ever for integrated action and close cooperation among ourselves."

O. A. Ridnour of Union Finance Company, Kokomo, reported for the membership committee that there are now 132 members with 350 offices, a net gain of 3 members for the year.

The report of Robert C. Hamilton, executive secretary, brought out legislative, public relations and educational accomplishments of the last year. He cited passage of state legislation raising the maximum size of loan permissible under the Small Loan Act from $300 to $500.

During the year the association continued its program of educational work among the universities and colleges of the state. Through the instrumentality of the association, Dr. E. A. Dauer, director of consumer credit studies for Household Finance, addressed student convocations at Valparaiso University, Butler University and Hanover College, and lectured to classes at Indiana University. He also addressed the Valparaiso Kiwanis Club.

Loren H. Brewer, supervisor of consumer credit in the Department of Financial Institutions, then extended a word of welcome, saying that "without this organization our department would lose much of its prestige. You make our job easier."

John G. Biel, counsel for M. Blumberg Company, Terre Haute and member of the Program and Publications Committee of Law Forum of the National Consumer Finance Association, gave a thorough review of legal high lights. He discussed (1) the anti-merger act, (2) new income tax rates for individuals and corporations, (3) the amending of Regulation W, (4) Soldiers' and Sailors' Civil Relief Act, (5) right of privacy, and (6) wage and salary stabilization.

Harold L. Haugan and Elliott Taylor

At the luncheon, Harold L. Haugan of Household Finance Corporation, Chicago, presided. Elliott Taylor, of Pacific Finance Corporation, Los Angeles, was the speaker; his subject, "The Instalment Credit Business Should Act Its Age." He asserted that instalment financing is so closely linked to modern mass production that the one couldn't exist without the other.

He advocated bright, attractive, modern ground-floor offices, well-informed and confident employees, factual, hard-hitting advertising and sales promotion, and well-defined public relations policies, "to tell our story better." He suggested that every firm which does not have its own public relations department should avail itself of a good public relations counsel.

George O. Nichols presided at the afternoon session. Barney J. Lenihan, president of Time Finance Company, Louisville, Kentucky, spoke on "Consumer Financing for Community Service." He laid down 10 rules for success as follows: 1. Put service to your customers and community first ("We in Time Finance believe in putting service on a par with the profit motive."). 2. Secure intelligent, capable and enthusiastic personnel to operate your business. 3. Adopt and maintain high operating ethics and policies. 4. Locate your office strategically—make it a pleasant and cheerful place to do business. 5. Compete vigorously and honorably for business. 6. Advertise intelligently, aggressively, consistently and truthfully. 7. Use only the most considerate collection practices. 8. Become a "big wheel" in your community. 9. Belong to, support and participate in your state and National associations. 10. Take great pride in your business.

The next speaker, Thomas E. Courtney, president of Northern Illinois Corporation, DeKalb, Illinois, discussed "Floor Plan and Profit," prefacing his remarks with a tribute to state and National associations. He advocated a merging of industrial and finance business. He has been in the automobile discount business since 1922 and is also a manufacturer.

Thomas W. Rogers, executive vice president of the American Finance Conference, Chicago, talked on "Current Trends in Sales Financing." Mr. Rogers quoted current statistics relating to the volume of sales financing and discussed Regulation W and other current matters. He advocated an aggressive public relations program on the part of the industry, saying "nothing is so effective in connection with selling and keeping an industry sold as keeping the public informed."

The board of directors elected the following officers for the coming year: president, Fred L. Mahaffey; vice presidents, George O. Nichols, Thomas J. Umphrey, and W. A. Driver; secretary, Fred Carroll; treasurer, Paul A. Hancock, and executive secretary, Robert C. Hamilton.

Concluding event of the convention was the festive banquet Friday night when nearly 600 members and guests filled the Riley Room. Dr. Morris M. Feuerlicht, Rabbi Emeritus of the Indianapolis Hebrew Congregation, pronounced the invocation.

The disappointment occasioned by the illness of Charles H. Watts, board chairman of Beneficial Management Corporation, who was scheduled to address the banquet, was somewhat alleviated when it was announced that Dr. Harlan Tarbell of Chicago would substitute. Dr. Tarbell, psychologist and magician, provided an hourlong demonstration "Dreams for Sale," which kept his audience constantly entertained and amazed.

The many distinguished guests at the banquet included Indiana officers of state, the presidents and faculty members from seven Indiana universities, judges of state courts, members of the legislature, members of the Department of Financial Institutions, and representatives of Indianapolis newspapers and of the press associations.

Maryland

The annual meeting of the Maryland Consumer Finance Association was held at the Lord Baltimore Hotel in Baltimore on October 13. At the annual meeting, the following officers were elected for the ensuing year: T. A. Hulfish, president; J. Murray Sweeney, vice president; E. M. Garren, secretary, and Abe Schlossberg, treasurer.

The annual banquet was the event of the evening. Over 900 attended this memorable function in the main ballroom. The Honorable Theodore R. McKeldin, Governor of Maryland, was the banquet speaker and gave an exceptionally good talk. A good orchestra furnished music for dancing until 1:30 A. M., with a spirit of good fellowship prevailing.

Oregon

The Oregon Association of Small Loan Companies held its 15th annual convention at the Multnomah Hotel in Portland, November 17, 1951. The convention opened with the annual membership meeting at which all committees submitted their reports and the following new officers were elected: E. M. Lindberg, president; Lawrence Neault, vice president; Frank P. Spencer, secretary-treasurer.

The afternoon session was given over to a discussion of pertinent operating suggestions. The subjects and speakers were "Efficiency in Advertising," Harry Fuller, vice president, Mutual Loan Company; "Rights of Privacy," Dean F. Bryson, executive secretary, Oregon Association of Small Loan Companies, and "Regulations W and X," Ezra L. Boyer, Federal Reserve Bank of San Francisco. The final address was on "Banking Department Views Our Business," by A. A. Rogers, Superintendent of Banks, state of Oregon.

The annual banquet closed the sessions, with an attendance of over 230 persons. A splendid address on "The American Way" was delivered by Dr. U. G. Dubach, Professor of Political Science, Lewis & Clark College.

Rhode Island

The Rhode Island Association of Small Loan Companies held its annual meeting on December 11. The Board of Directors met during the afternoon in the Sheraton Biltmore, Providence. Chairman Thomas Delaney made an extensive report on the activities of his Education Committee. President Poole pointed out the extremely fine job Mr. Delaney and his committee are doing with their public relations activities. William Elliott was appointed as chairman of a sub-committee of the Educational Committee to look into the feasibility of holding more than one meeting a year and on a larger and more entertaining scale.

It was voted to have the survey that is being made in Rhode Island by Miss Jessie Grigg of the Public Relations Department of Beneficial Management Corporation be made under the sponsorship of our own state association.

The regular annual dinner and business meeting was held later in the evening at the same hotel at 6:30 p.m. President Poole extended a welcome to all, particularly those who had traveled so many miles to be with us. The State of Rhode Island's official family was well represented by the presence of Mr. Alexander Chmielewski, the Bank Commissioner, and Mr. John Keenan and Mr. Michael Nagle of the Banking Department.

Mr. Chmielewski brought the greetings of his department. An interesting talk was given by Capt. Andrew Casey of the State Police on finance and loan company holdups and methods of precautions. Mr. John Feeney, vice president of General Acceptance Corporation, gave a short but most humorous talk. The main speaker of the evening was Major Cedric Tallis of the U. S. Army and formerly a front office man with the Detroit Tigers baseball farm system. This talk was most interesting as practically everyone is a baseball fan to some degree.

After a short recess, the business meeting was held. The new Board of Directors elected were Albert Martinson, Frank Hynes, Thomas Delaney, George Delaney, William Coward, Romeo DeBucci, Alex Murchie, William Elliott and Frank Poole.

The Board of Directors then elected the following officers to serve for 1952: Frank L. Poole, president; Joseph N. Crowley, vice president; Henry Voss, secretary and Vincent Deignan, treasurer. President Poole appointed the following as chairmen of standing committees: Auditing, Frank Hynes; Membership, Joseph Homen; and Educational, Thomas Delaney.

Harold E. Arnett died suddenly at his home in Marion, Indiana, on January 26. "Dutch" had been associated with the Local Finance Corporation for almost 40 years and was Secretary-Treasurer and General Manager. He was a Director of the Indiana Association and one of its past presidents and had long been a leader of the consumer finance business in his state. Mr. Arnett was 62 years old and is survived by his widow and his mother, Mrs. Viola Dickey of Kokomo, Indiana.

R. D. George, Secretary-Treasurer of Securities Credit Corporation, of Denver died on December 21, 1951. He became ill on December 4 and it was finally discovered that he had an infiltrating brain tumor which caused his death.

Ben J. Miller, owner of the Miller Finance Company of Los Angeles and Treasurer of the California Association died on January 6, following a stroke which occurred the previous day. Mr. Miller started in the finance business with Household in Des Moines. After 20 years he resigned to open his own office. He is survived by his widow and two sons, Larry and Phillip, of Los Angeles.

A Glance at What They Are Doing

Basil O'Connor

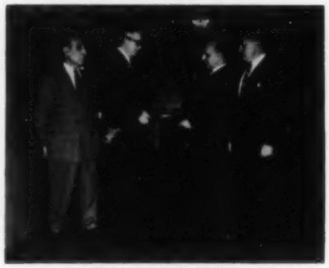
Basil O'Connor, President of the National Foundation for Infantile Paralysis, is shown above at the left with Barney J. Lenihan, president of Time Finance Company, Louisville. Mr. Lenihan was campaign chairman of the Jefferson County 1952 March of Dimes Campaign. Mr. O'Connor spoke at a dinner meeting to launch the drive.

The Grand Rapids Small Loan Association, with William R. Victor as president presiding, acted as host to 42 teachers for B-I-E Day, November 14th. Not only was this the largest group of teachers ever to participate in our B-I-E Day program in the state, but one of the finest as well.

Domestic Finance Corporation is now a subsidiary of American Investment Company of Illinois, Donald L. Barnes, president of both companies has announced. American is currently offering one share of its convertible preference stock in exchange for each five shares of Domestic common stock. A sufficient number of Domestic shareholders have accepted the exchange offer to make American's holdings in Domestic more than 50 per cent of the common shares presently outstanding. It is American's present intention to continue to operate Domestic as a separate company. Including the 55 consumer finance offices operated by Domestic, American's offices now total 270 in 20 states. Consolidated outstanding loans of the two companies exceed $117,000,000 including Domestic's receivables of $22,000,000. It is intended that balance sheets and earnings statements will be consolidated beginning January 1, 1952.

Ellis I. Levitt, President of State Finance Company, Des Moines, Iowa, has just been elected a member of the board of governors of the Association of Better Business Bureaus. He represents the district that includes Iowa, Illinois, Wisconsin, Minnesota, Missouri, Kansas and Nebraska. The Association includes as members all Better Business Bureaus in the United States, Canada and Hawaii.

Mr. Levitt has been a member of the Des Moines bureau's board of directors for many years and has also served as treasurer. He has been very active in bureau affairs during his entire period of service. He is the first Des Moines man to be elected to the board of governors.



Benjamin Schultz

Benjamin Schultz, M. Otto Schultz and **Samuel Schultz,** officers of the organization, were presented by their employees with a plaque to commemorate the twentieth anniversary of the annual Christmas party of the Guardian Loan Company, Inc., and the Tilden Commercial Alliance. The picture above shows the presentation being made by Alfred Orlin, secretary.

Terence J. Dillon, vice president of Local Loan Company of Chicago, has been appointed chairman of the Consumer Finance Group in the 1952 Red Cross Drive in that city.

Victor H. Payne of Interstate Finance Corporation, Evansville, Indiana, was one of three new members elected to the Board of Directors of that organization at its annual meeting held in December. Mr. Payne is vice president of the New Castle subsidiary, Interstate Finance, Inc. He is a division manager for the company and a member of the Ten Year Booster Club.

Ralph J. Tyring, assistant vice president of the parent company, Interstate Finance Corporation, was also elected to its Board for the first time at the same meeting. Mr. Tyring is Evansville division manager and a member of the Ten Year Booster Club. Interstate has eighteen members on its Board of Directors.

The Saginaw Association of Small Loan Companies at its recent meeting elected Jack Sage as president; Robert C. Wirsing was named vice president and Gordon Towne was given the duties of secretary-treasurer. Howard DeHaan was elected chairman of the Public Relations Committee.

Cyrus Gorson, treasurer of the Equitable Credit Company, Philadelphia, is the new treasurer of the National Used Car Dealers Association, it was announced by president James Downing, of Atlanta, Georgia. This was the second office to which Mr. Gorson recently was elected. Only last month he was named president of the Eastern Division of the Pennsylvania Industrial Bankers. Honorary president of the Philadelphia Used Car Dealers Association, Mr. Gorson was one of the founders of the local group. He presently is organizing the Philadelphia dealers to press for decontrol of "unnecessary OPS regulations that have been strangling the industry."

For many years Mr. Gorson has been a director of the National Used Car Dealers Association.

The Canadian government modified consumer-credit restrictions by extending the time in which the customer must pay to eighteen from twelve months. The modifications became effective January 11.

Finance Minister Douglas Abbott said the reason for the changes is an easing in inflationary pressure.

Automobile Market

More than 4 million passenger cars will be turned out in 1952, the **Automotive Digest,** Pacific Finance Corporation's monthly trade newsletter, has predicted. This production figure will be met IF foreign events and armament schedules do not change drastically.

"This estimate," the **Digest** said, "is based upon expected expansion in output of steel, other scarce materials and anticipated requirements of materials for defense activities, needs of other civilian enterprises.

"This would still make for a very good automobile year—one that would be greater than 1941, 1948 and other good production years."

In its section on used car activity, the publication said, "Used car sales have improved moderately in recent weeks following short-lived slump in early October. Prices are holding relatively firm with only slight dips noted in the retail field. The usual seasonal decline is concentrated mainly in falling prices in wholesale markets.

"New car demand is still slow; however, aggressive salesmanship is moving cars and is keeping inventories down to reasonable proportions."

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Going into debt often comes from spending what you tell your friends you make.

The Lenders Exchange

(Continued from Page 6)

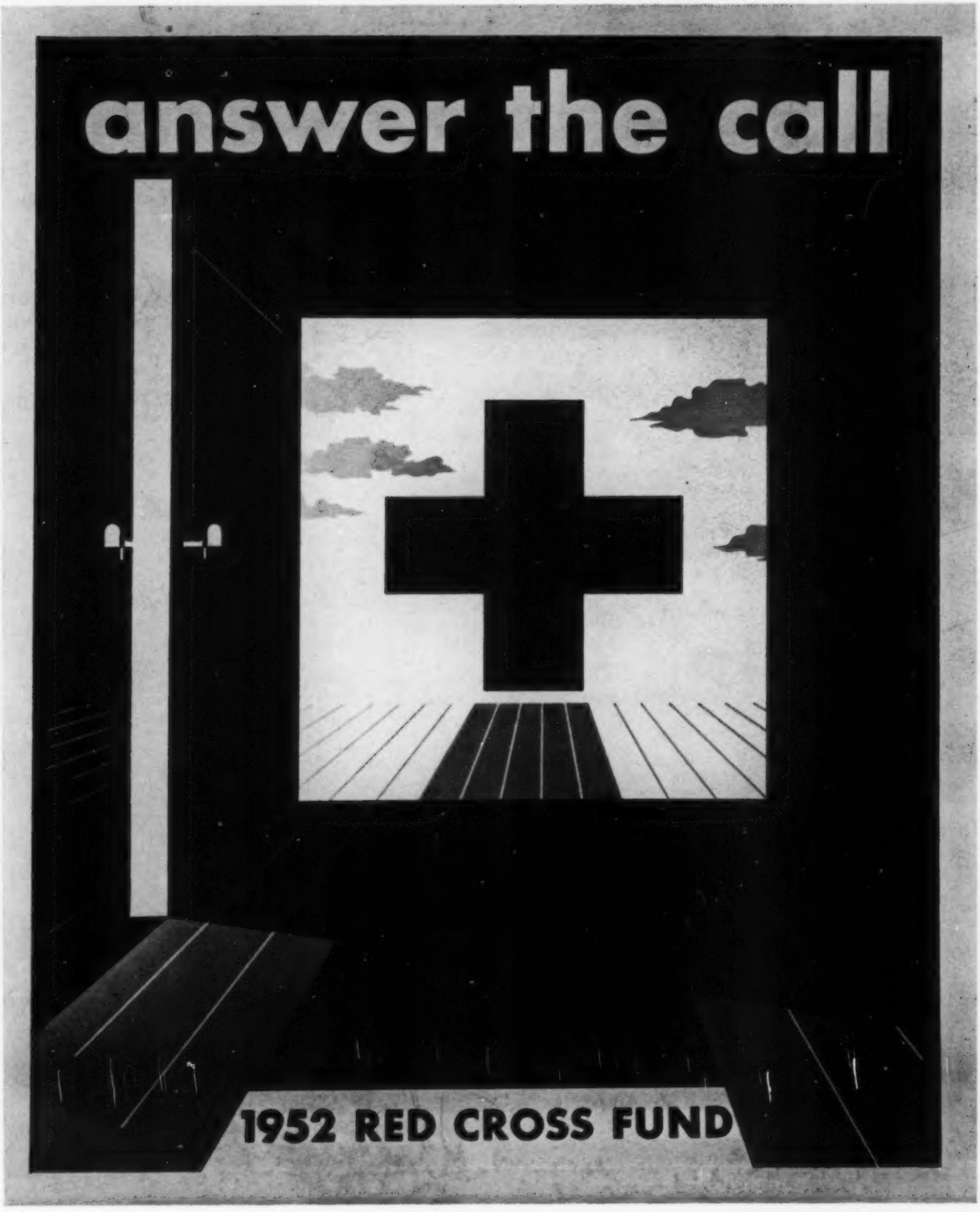
the equipment set up differently than it was previously. The office is very compact, and although a short time ago it had seemed necessary to move to larger quarters, they now have sufficient room to handle any possible increase in business that this area might receive.

Due to the fine cooperation and general interest shown by the Exchanges, we have been able to analyze our own operations and expense in the light of other bureaus. It would be impossible to compile, collate and disseminate, in one article, all the information contributed.

The Cleveland Exchange has been operating on a cost of between ten and twelve cents for a few years. Recently, with salaries and all other costs rising it looked as though our cost might increase considerably. By rearrangement of our physical equipment and an analytical but realistic approach to the problem we were able to keep present efficiency, meet rising costs; but keep to a minimum the increase in the name charge per member. Present indications point to about twelve cents per name cleared.

The problem of operating a small loan exchange efficiently, at low cost and with a minimum of supervision by loan executives who have little time to spare for their clearing house seems to be of universal interest within the industry.

"Hope you don't mind, Miss Martin. Nobody ever looks at things on the bulletin board"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1952 RED CROSS FUND